RECEIVED
JUL 28 1986
LIBRARY

REPORT

OF THE

SUPERINTENDENT OF PENSIONS

ON THE

ADMINISTRATION OF THE PENSION BENEFITS ACT

FOR THE YEAR ENDED MARCH 31, 1984

Nova Scotia

Department of Finance

Pension Benefits Division

PO Box 187
Halifax, Nova Scotia
B3J 2N3

902 424-8915

File No _____

The Honourable Greg Kerr
Minister of Finance
Province of Nova Scotia
Halifax, Nova Scotia

Sir:

I have the honour to submit to you the Annual Report of the Pension Benefits Division for the year ended March 31, 1984.

This Report is submitted in accordance with Section 10 (1) of the Pension Benefits Act.

Respectfully submitted,

Percy Fleet
Superintendent
of Pensions

EIGHTH ANNUAL REPORT ON THE ADMINISTRATION OF THE PENSION BENEFITS ACT FOR THE YEAR ENDED MARCH 31, 1984

MAIN DUTIES AND RESPONSIBILITIES

The Pension Benefits Division is responsible for the administration and enforcement of the Pension Benefits Act. The principal purposes of the Act are to ensure, (1) that the pension plans will be funded on a regular basis; (2) that the funds will be invested in securities and obligations that satisfy the prescribed quality tests; (3) that members who have completed the specified age and service qualifications receive vested pension benefits upon termination of employment or upon plan termination; and (4) that members of pension plans be kept informed of the terms and conditions of the plan.

The Division accomplishes the purposes through the following activities:

- Registration of all pension plans established for employees in Nova Scotia.
- Rejection of any pension plan that does not qualify for registration.
- Supervision of all registered pension plans to ensure continuing compliance with the Act and Regulations.
- Administration and enforcement of the terms and provisions of the Act.
- Cancellation of Certificates of Registration in respect of those pension plans that fail to comply with the Act.
- Promotion of the establishment, extension and improvement of pension plans throughout Nova Scotia.

ADDITIONAL DUTIES AND RESPONSIBILITIES REQUIRED BY THE ACT

In addition to the main function, the Division has additional responsibilities:

- Agreements with the Government of Canada and other provinces having similar legislation provide for the reciprocal registration, audit and inspection of pension plans.

- Under these agreements, a pension plan subject to the legislation of more than one authority is supervised by the jurisdiction which has the greatest number of plan members.

- This requires the Division to carry out the duties and responsibilities of the other authorities in respect of the pension plans which it supervises in accordance with the agreements.

- As at January 1, 1984, 1141 pension plans in force were subject to the Pension Benefits Act of Nova Scotia, were supervised by other provincial and federal authorities on behalf of our Division. The number of Nova Scotia plan members covered by these plans totalled 34,818.

MEETING WITH SIMILAR AUTHORITIES

Legislation similar to the Pension Benefits Act of Nova Scotia has been enacted by the following governments:

CANADA	- Pension Benefits Standards Act, effective October 1, 1967
ONTARIO	- The Pension Benefits Act, 1965, effective January 1, 1965
SASKATCHEWAN	- The Pension Benefits Act, 1967, effective January 1, 1969
QUEBEC	- Supplemental Pensions Plan Act, effective January 1, 1966
MANITOBA	- The Pension Benefits Act, effective July 1, 1976
ALBERTA	- The Pension Benefits Act, effective January 1, 1967
NEWFOUNDLAND	- The Pension Benefits Act, effective January 1, 1985.

The representatives of these authorities who have pension legislation meet on a continuing basis to discuss changes in the pension field and means of dealing with problem areas.

Two specific groups are involved in these meetings:

- Representatives of the various authorities are members of The Canadian Association of Pension Supervisory Authorities (CAPSA).

  The main purposes of the Association are:

  1. To evaluate on a continuing basis the legislation in force and to recommend amendments;

  2. To promote uniformity in legislation, its interpretation and administration;

  3. To create a group identity, thereby furthering communications with other groups having an interest in pension plans;

  4. To allow members improved co-ordination in their research programs, particularly with a view to avoiding duplication;

  5. To establish and maintain relations with other organizations working towards similar objectives.

- A sub-committee of CAPSA, the Standing Committee of Superintendents, also meets on a continuing basis to discuss and review ongoing changes in the pension field, ways of dealing with problem areas and to carry out studies and assignments on behalf of the Association.

Representatives of other jurisdictions that are considering the possibility of pension regulatory legislation attend meetings of CAPSA from time to time, by open invitation. Jurisdictions that have availed themselves of the invitation are British Columbia, New Brunswick, Prince Edward Island and Newfoundland.

REGULATION OF PENSION PLANS

As outlined in Table 1, the Pension Benefits Division received 122 applications for registration during the 1983-84 fiscal year, an increase of 36% over the previous year. A total of 97 Certificates of Registration were issued. This compares to 52 Certificates issued in the 1982-83 year. The increase in new plans has mainly resulted from a decision by the Department of National Revenue to register pension plans that primarily provide benefits for significant shareholders.

During the year under review, 13 pension plans were terminated and 3 were transferred to another jurisdiction. As of March 31, 1984, the Division was responsible for the supervision of 679 pension plans. Of these, 34 plans were awaiting approval for registration.

In accordance with Section 15 (4) of the Pension Benefits Act, every employer with a registered pension plan in Nova Scotia is required to file an annual information return outlining the contributions made to the pension plan and changes in plan membership. During the year 1983-84, 539 annual returns were filed with an reviewed by the Division.

Contribution and membership data from these returns were compiled and forwarded to Statistics Canada for inclusion in their annual report on pension plans in Canada.

As in previous years, the Division received a large number of enquiries relating to pension plans from the public and pension plan administrators. The most frequent enquiry related to non-receipt of refunds from pension plans on termination of employment. Enquiries from plan administrators and pension consultants usually related to the vesting and locking-in requirements of the Pension Benefits Act.

FINANCIAL

Operating costs of the Division for the 1983-84 year were $59,100. Revenue derived from fees charged in respect of annual information returns and applications for registration amounted to $21,118. Comparative figures for the 1982-83 year were $58,580 and $22,122 respectively.

GENERAL

Estimates of annual contributions to pension plans under our supervision for the calendar year 1983 were as follows:

Employee Required Contributions	$30,019,000
Employee Voluntary Contributions	681,000
Total Employee Contributions	$30,700,000
Employer Current Service Contributions	$42,072,000
Employer Past Service Contributions	10,587,000
Employer Special Payments	171,000
Total Employer Contributions	$52,830,000
Total Contributions	$83,530,000

TABLE 1

SUMMARY OF PENSION PLANS APPROVED, TRANSFERRED, TERMINATED TO MARCH 31, 1984

	Total at March 31 1983	Additions During Year	Total at March 31 1984
PLANS FILED	709	122	831
Applications Withdrawn	6	1	7
Plans Terminated	120	13	133
Plans Transferred to Other Jurisdictions	9	3	12
ACTIVE PLANS ON FILE	574	105	679
Deduct Plans in Process of Registration	26	8	34
REGISTERED PLANS	548	97	645

TABLE 2

NUMBER OF PENSION PLANS IN CANADA
WITH NOVA SCOTIA MEMBERS (BY JURISDICTION) - 1983
(Source - Statistics Canada)

	Plans	Nova Scotia Members
Nova Scotia	596	103,466
New Brunswick	15	198
Quebec *	157	1,607
Ontario	721	14,293
Manitoba	12	105
Saskatchewan	3	12
Alberta	27	2,687
Federal *	101	15,916
TOTAL *	1,628	138,173

* Table does not add to total as 4 plans have dual (Quebec-Federal) Jurisdiction.

TABLE 3

NUMBER OF PENSION PLANS IN CANADA WITH NOVA SCOTIA MEMBERS BY TYPE OF ORGANIZATION AND MEMBERSHIP - 1983
(Source - Statistics Canada)

	Number of Plans	Total Plan Members
Type of Organization		
Municipal	60	5,859
Municipal Enterprise	11	1,085
Provincial	6	38,961
Provincial Enterprise	7	1,700
Federal	6	29,735
Federal Enterprise	16	8,854
Incorporated Company	1,324	39,816
Partnership	12	194
Sole Proprietor	2	17
Association	75	454
Co-operative	14	573
Multi Employer	32	6,906
Other	63	4,019
TOTAL	1,628	138,173

APPENDIX

MAIN PROVISIONS OF THE ACT IN GENERAL TERMS

The Pension Benefits Act (Statutes of Nova Scotia, 1975, Chapter 14) was enacted on January 1, 1977. In general terms, the main provisions of the Act are as follows:

(1) Vesting

A member of a pension plan who, upon ceasing to be employed by an employer, has attained age 45 and has either completed 10 years of continuous service with the employer, or been a member of the plan for such period, whichever occurs first, is entitled to the pension benefits earned under the plan in respect of service since January 1, 1977.

These pension benefits are payable only as a life annuity commencing at normal retirement age.

Neither the value of the life annuity nor any contributions the employee was required to pay towards the cost of this are available in cash. In addition, this entitlement cannot be assigned, surrendered, alienated, seized or attached.

(2) Funding

Each year the employer is required to pay into the pension fund sufficient monies to cover the cost of the benefits earned in that year. In addition, where an actuarial liability exists due to the granting of benefits for prior service or experience different from that assumed by the actuary, annual special payments designed to liquidate the liability within a specified number of years, must be paid into the pension fund.

(3) Investments

The funds of a pension plan may be invested and loaned only in investments and loans in which an insurance company governed by the Canadian and British Insurance Companies Act (Canada) may invest or lend its funds under Subsection (1), (2), (5), (6), and (10) of Section 63 of the Act.

(4) Explanation to Employees

The employer is required to provide each member of the pension plan with a written explanation of the terms and conditions of the plan and amendments thereto. This gives each member the opportunity to know his rights and duties under the Plan.